



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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September 23, 1997

Susan Valentine  
Holnam Incorporated  
6211 Ann Arbor Road  
P.O. Box 122  
Dundee, Michigan 4813

Re: Replacement Surety Bonds, Holnam Inc., Devil's Slide Quarry, M/029/001, Morgan County and Poverty Point Quarry M/045/012, Tooele County, Utah

Dear Ms. Valentine:

The Division was unable to update the reclamation cost estimates for the above mentioned quarries within the ten days described in our June 11, 1997 letter. Division staff had to perform site inspections of both sites before we could update the surety estimates. The site inspections have now been performed and the surety updates have been completed (see attachments).

The amount of reclamation surety now requested by the Division for Holnam's Poverty Point Quarry is \$29,700 in terms of year 2002 dollars. The amount of reclamation surety requested by the Division for Holnam's Devil's Slide Quarry is \$177,600 in terms of year 2002 dollars. Please complete the new Reclamation Contract forms (MR-RC) and new surety bond forms (MR-5) previously sent using these updated surety amounts.

We received the 90-day cancellation notice from St. Paul Fire & Marine for both these bonds on July 28, 1997. In order to prepare these replacement sureties for presentation at the next Board of Oil, Gas and Mining hearing we will need the original completed forms by October 7, 1997. We apologize for our delay in providing the new surety amounts, however, we would appreciate your cooperation in providing the replacement reclamation contracts and sureties as soon as possible.

If you have any questions regarding these surety replacements please do not hesitate to contact me at (801) 538-5267 or my supervisor Wayne Hedberg at (801) 538-5286.

Sincerely,

Anthony A. Gallégo  
Senior Reclamation Specialist

jb

Attachments: M/029/001 surety update and M/045/012 surety estimate

cc: Virginia Townsend, Johnson & Higgins  
Ken George, Holnam, Inc., Morgan, Utah

holnam.bnd

**SURETY ESTIMATE UPDATE**

Holnam Incorporated

M/029/001

Devil's Slide Quarry

Morgan County

filename m29-01up.wb2

Prepared by Utah Division of Oil, Gas &amp; Mining

last revision

09/22/97

**DESCRIPTION:**

- This calculation escalates the 1987 base amount of \$128,000 to year 2002 dollars
- Original reclamation cost estimate calculated in 1987 was \$141,000 in 1992 dollars
- Disturbed area in the original estimate was 78.7 acres
- The reclamation plan includes demolition & removal of the quarry garage & powder house
- Cement plant structures & facilities were not considered mining facilities
- The DOGM 8/21/97 site inspection found no major changes to mining operations
- The current disturbed area for the mine is not anticipated to change in the near future
- Mining operations will deepen quarries within the current disturbed area boundary
- The unreclaimed disturbance in the annual report for 1996 = 79 acres
- This calculation escalates the 1987 base amount of \$128,000 to year 2002 dollars
- Escalation factors through 1996 are actual Means Historical Cost Indices
- Total disturbed area = **79 ACRES**

<b>CALCULATIONS</b>	<b>YR</b>	<b>ESCAL FACTOR</b>	<b>BOND AMOUNT</b>
	1986	0.0210	\$0
	1987	0.0195	\$128,000
$F = P(1 + i)^{**n}$	1988	0.0181	\$130,317
F = Future Sum	1989	0.0177	\$132,623
P = Present Sum	1990	0.0077	\$133,645
i = Escalation Factor	1991	0.0127	\$135,342
n = number of periods	1992	0.0221	\$138,333
	1993	0.0261	\$141,943
	1994	0.0321	\$146,500
	1995	0.0193	\$149,327
	1996	0.0242	\$152,941
Three Yr Average = 2.52%	1997	0.0252	\$156,795
Used to Project 5 Yrs	1998	0.0252	\$160,746
Into the Future	1999	0.0252	\$164,797
From the Year 1997	2000	0.0252	\$168,950
	2001	0.0252	\$173,208
	2002	0.0252	\$177,572

**Updated Surety Amount Rounded (2002-\$)****\$177,600**

Average cost per acre =

\$2,248 (\$/ACRE)

# RECLAMATION SURETY ESTIMATE

Holnam Inc.

Poverty Point Limestone

M/045/012

Prepared by Utah State Division of Oil, Gas & Mining

last revision

09/22/97

filename m45-12.wb2

page "ESTIMATE"

Tooele County

- This estimate includes revisions in reclamation treatments described in the 9/20/90 inspection memo
- Original DOGM estimate was prepared in 1981 for 59 acres of proposed disturbance
- The average \$/acre reclamation cost from the 1981 estimate was applied to 15 acres of disturbance
- Site Inspection of 9/20/90 by DOGM, SITLA, BLM, & Holnam revised some reclamation tasks
- Reducing the quarry highwall to 45 degrees is not required; a safety berm at the base will be needed
- Limestone on the quarry floor & processing area will be removed to expose subsoil.
- The removed limestone material will be placed against the quarry highwall
- Quarry floor & processing pad will be ripped along the contour & topsoiled from windrowed stockpiles
- Soils on the southern end of the processing pad will be pulled onto the pad as plant growth medium
- A potential borrow area south of the processing pad may be utilized if approved by SITLA & DOGM
- Development roads to access the upper quarry levels will be recontoured or ripped & water barred
- Upper quarry access areas will receive revegetation treatments
- Berming upper quarry access roads to prevent vehicle access may be required.
- Disturbance area = 9 acres of haul road + 8.3 acres of quarry disturbance

-Amount of disturbed area which will receive reclamation treatments = **17.3 acres**

-Estimated total disturbed area for this mine = **17.3 acres**

<u>Activity</u>	<u>Quantity</u>	<u>Units</u>	<u>\$/unit</u>	<u>\$</u>	
Remove surface limestone (est 6" depth, 80% quarry)	5,356	CY	0.4	2,143	(1)
Ripping quarry floors (est 80% of quarry area)	6.6	acre	570	3,785	(2)
Ripping quarry access roads	9.0	acre	363	3,267	(3)
Creating 8 ft safety berm at base of highwall	500	LF	0.34	170	(4)
Regrade soils from NW edge & S edge onto quarry	2	acre	260	520	(5)
Regrade southern edge of processing pad	1	acre	519	519	(6)
Recontour roads to upper quarry benches - trackhoe	2,000	LF	0.85	1,700	(7)
Mulching (2 ton/acre alfalfa)	17.3	acre	160	2,768	(8)
Fertilizing ( 100 lb/acre diammonium phosphate)	17.3	acre	90	1,557	(9)
Broadcast seeding (~20 lb/acre)	17.3	acre	195	3,374	(10)
General site cleanup & trash removal(est 30% total area)	5.2	acre	50	260	(11)
Equipment mobilization	2	equip	1000	2,000	(12)
Reclamation Supervision	5	days	356	1,780	(13)
	Subtotal			23,841	
10% Contingency				2,384	
	Subtotal			\$26,225	
Escalate for 5 years at 2.52% per yr				3,475	
	Total			\$29,701	

**Rounded surety amount in yr 2002-\$ \$29,700**

Average cost per disturbed acre =

\$1,717

Average cost per disturbed acre =		Rounded surety amount in yr 2002-\$	<b>\$29,700</b>
		\$1,717	

# RECLAMATION SURETY ESTIMATE

Holnam Inc.

Poverty Point Limestone

M/045/012

Prepared by Utah State Division of Oil, Gas & Mining

DRAFT

last revision

09/22/97

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Tooele County

- (1) Means 1997 & Rental Rate Blue Book 4/97: Cat D10N, U, mtl 2550 lb/CY, 125 ft push
- (2) Means 1997 & Rental Rate Blue Book 4/97: Cat D10N, U, multi shank rippers, speed 0.5 mph
- (3) Means 1997 & Rental Rate Blue Book 4/96: Cat D10N, U, multi shank rippers, speed 0.8 mph
- (4) Means 1997 & Rental Rate Blue Book 4/97: Cat D10N, U, mtl 2550 lb/CY, 50 ft push, avg vol 1.7CY/LF-berm => \$0.20/CY X 1.7CY/L
- (5) Means 1997 & Rental Rate Blue Book 4/97: Cat D10N, U, mtl 2550 lb/CY, 100 ft push, 6" depth/acre
- (6) Means 1997 & Rental Rate Blue Book 4/97: Cat D10N, U, mtl 2550 lb/CY, 100 ft push, 1 ft depth/acre
- (7) Contractor's actual costs, 1991 at E/053/012, Cat 225 Excavator, 20 ft wide road
- (8) DOGM estimate: mulch \$120/acre; application \$40/acre
- (9) DOGM estimate: fertilizer \$75/acre; application \$15/acre
- (10) DOGM estimate: seedmix \$180/acre, broadcaster & operator \$15/acre
- (11) DOGM estimate
- (12) DOGM general estimate
- (13) Means 1997, 010-036-0180, project manager, minimum \$1780/wk